

National Insurance Co. Ltd. Vs Kunwar Pal

Court: High Court Of Punjab And Haryana At Chandigarh

Date of Decision: March 21, 2014

Acts Referred: Constitution of India, 1950 " Article 226, 227
Legal Services Authorities Act, 1987 " Section 22(c), 22(c)(1), 22(C)(8), 22(d), 22-C

Citation: (2014) 175 PLR 315

Hon'ble Judges: Ritu Bahri, J

Bench: Single Bench

Advocate: Paul S. Saini, Advocate for the Appellant

Final Decision: Dismissed

Judgement

Ritu Bahri, J.

The instant petition has been filed under Article 226/227 of the Constitution of India for issuing a writ in the nature of

certiorari for quashing the impugned order dated 26.9.2013 (P-6) passed by respondent No. 2. Respondent No. 1 Kunwar Pal got his

motorcycle bearing registration No. HR-30-J-8120 insured from the petitioner-Company vide policy No. 3510073111620054287 on 2nd June,

2011 which was valid from 02.06.2011 to 01.06.2012 for a sum of Rs. 39,853/- (P-1). The motorcycle was stolen on 04.07.2011 at about 1.30

P.M in front of Tehsil compound, Palwar. The matter was reported to the police and F I.R bearing No. 342 dated 23.08.2011 was registered in

this behalf (P-2) and subsequently, respondent No. 1 informed petitioner-Insurance Company on 03.08.2011. The claim of respondent No. 1 was

repudiated on the ground that there was an inordinate delay of 30 days in informing the petitioner.

2. Respondent No. 1 thereafter filed a petition u/s. 22(c)(1) of the Legal Services Authority Act before respondent No. 2 and efforts were made

for reconciliation. Even respondent No. 1 agreed to received a sum of Rs. 33,000/- against the claim raised by him. However, the Insurance-

company pleaded that it was a case of violation of mandatory clause contained in insurance policy and thereafter, the petitioner/respondent No. 1

was not entitled to receive any compensation for the theft of the motorcycle. Respondent No. 2 then opted to proceed further in this petition by

invoking Section 22(C)(8) of the Act and decided the case on merits. It was held that after the theft of the motor cycle on 04.07.2011, Kunwar

Pal informed the SHO, Police Station on the same day i.e. on 04.07.2011. F.I.R was registered thereafter on 23.08.2011. The delay for

registration of F.I.R cannot be attributed to Kunwar Pal with regard to the information which was given after 30 days. Reference has been made to

the instructions issued by Insurance Regulatory and Development Authority on 20.09.2011 to all the insurance companies. As per this insurance

this condition should not prevent settlement of genuine claims particularly when this delay in intimation or in submission of documents is due to

unavoidable circumstances. The companies were advised that they must not repudiate such claims on the ground of delay. Keeping in view the

above instructions, the PLA has given a direction to petitioner-Insurance Company to pay an amount of Rs. 39,853/- within three months from the

date of award failing which Kunwar Pal shall be entitled to recover the amount alongwith interest at the rate of 7.5% per annum calculated from the

date of filing of this petition till the realization of the whole of this amount.

3. Recently, Hon"ble the Supreme Court of India in a case of Bar Council of India Vs. Union of India (UOI), had examined the provisions of the

State Legal Services Authorities Act in detail and considered the object of Section 22(c) which provides for procedure to raise dispute on a pre-

litigation stage. Chapter VI-A has been inserted which provides for pre-litigation conciliation and settlement procedure. The litigation is sought to

be nipped in the bud by first affording the parties to such dispute an opportunity to settle their dispute through the endeavours of the Permanent

Lok Adalat and if such efforts fails then to have the dispute between the parties adjudicated through the decision of the Permanent Lok Adalat.

The provisions of Section 22(c) is followed by Section 22(d) of the Act which inter alia provides that while deciding the dispute in merits, the PLA

shall not be bound "by the CPC, 1908 and the Evidence Act, 1872. Section 22-e accords finality to the award of PLA under Sub-Section 1 and

the provision made in sub Section 4 that every award made by the PLA shall be final and hence shall not be called in question in any original suit,

application or execution proceedings form mainly bone of contention. While explaining the object of Chapter VI-A, Hon"ble the Supreme Court

has observed in paragraph 22 as under:-

22. It is necessary to bear in mind that the disputes relating to public utility services have been entrusted to Permanent Lok Adalats only if the

process of conciliation and settlement fails. The emphasis is on settlement in respect of disputes concerning public utility services through the

medium of Permanent Lok Adalat. It is for this reason that sub-section (1) of Section 22-C states in no unambiguous terms that any party to a

dispute may before the dispute is brought before any court make an application to the Permanent Lok Adalat for settlement of dispute. Thus,

settlement of dispute between the parties in matters of public utility services is the main theme. However, where despite the endeavours and efforts

of the Permanent Lok Adalat the settlement between the parties is not through and the parties are required to have their dispute determined and

adjudicated, to avoid delay in adjudication of disputes relating to public utility services, the Parliament has intervened and conferred power of

adjudication upon the Permanent Lok Adalat. Can the power conferred on Permanent Lok Adalats to adjudicate the disputes between the parties

concerning public utility service upto a specific pecuniary limit, if they do not relate to any offence, as provided u/s 22-C(8), be said to be

unconstitutional and irrational? We think not. It is settled law that an authority empowered to adjudicate the disputes between the parties and act as

a tribunal may not necessarily have all the trappings of the court. What is essential is that it must be a creature of statute and should adjudicate the

dispute between the parties before it after giving reasonable opportunity to them consistent with, the principles of fair play and natural justice. It is

not a constitutional right of any person to have the dispute adjudicated by means of a court only. Chapter VI-A has been enacted to provide for an

institutional mechanism, through the establishment of Permanent Lok Adalats for settlement of disputes concerning public utility service before the

matter is brought to the court and in the event of failure to reach any settlement, empowering the Permanent Lok Adalat to adjudicate such dispute

if it does not relate to any offence.

In the present case, the claim has been rightly answered in favour of respondent No. 1 and therefore, no ground is made out to interfere in the

order dated 26.9.2013 (P-6) passed by respondent No. 2.

The petition is dismissed.